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BILL



ANALYSIS

Telephone: (517) 373-5383
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Senate Bill 186 (Substitute S-1 as reported)
Senate Bill 187 (Substitute S-1 as reported)
Senate Bills 188 and 189 (as reported without amendment)
Senate Bill 190 (Substitute S-1 as reported)
Senate Bills 191 and 192 (as reported without amendment)
Sponsor: Senator Darwin L. Booher (S.B. 186-188, 190-192)
Senator Bert Johnson (S.B. 189)
Committee: Regulatory Reform

CONTENT

Senate Bill 186 (S-1) would add Article 14A to the Occupational Code to do the following:

- Provide for the licensure of security guard agencies.
- Establish requirements for an applicant to be licensed to conduct business as a security guard agency.
- Require an applicant to have insurance meeting specified criteria.
- Require a licensee that was not an individual to designate an individual as the licensee's principal license holder, who could act on the licensee's behalf for purposes of Article 14A.
- Establish requirements for a licensee's employees, including a criminal background check and fingerprinting.
- Specify experience and training requirements for a licensee's employees who would provide security guard services directly to customers.
- Establish requirements for employees' uniforms.

The bill also would delete certain requirements that apply to alternative forms of testing for occupational exams, and repeal Section 517 of the Code, which allows the Department of Licensing and Regulatory Affairs (LARA) and the appropriate board to administer an alternative form of testing or conduct a personal interview with a petitioner, or both.

Senate Bill 187 (S-1) would amend the Private Security Business and Security Alarm Act to remove the regulation of private security agencies and security guards from the Act. The bill also would do the following:

- Require a licensee or applicant that was not an individual to designate an individual as the licensee's principal license holder.
- Require an applicant for licensure under the Act to have insurance meeting specified criteria; and delete a requirement for a bond in the principal amount of \$25,000.
- Revise criminal background and fingerprinting requirements.
- Revise license renewal fees.

Senate Bill 188 would amend the Security Alarm Systems Act to exempt certain security guard agencies licensed under Article 14A of the Occupational Code from the Act's definition of "system provider".

Senate Bill 189 would amend the State License Fee Act to establish a \$250 application processing fee and a \$500 annual license fee for a person licensed or seeking licensure as a security guard agency under Article 14A of the Occupational Code.

Senate Bills 190 (S-1), 191, and 192 would amend various statutes to allow personal information in a record maintained under those statutes to be disclosed for a permitted purpose to a security guard agency that was licensed under Article 14A of the Occupational Code or a system provider that was registered under the Security Alarm Systems Act.

Senate Bill 190 (S-1) would amend Part 801 (Marine Safety), Part 803 (Watercraft Transfer and Certificate of Title), Part 811 (Off-Road Recreation Vehicles), and Part 821 (Snowmobiles) of the Natural Resources and Environmental Protection Act. Senate Bill 191 would amend Public Act 222 of 1972 (which provides for official State personal identification cards). Senate Bill 192 would amend the Michigan Vehicle Code.

In addition, Senate Bill 192 would allow a private motor vehicle of a security guard agency that was licensed under Article 14A of the Occupational Code or a system provider that was registered under the Security Alarm Systems Act to display flashing, rotating, or oscillating amber lights.

Each of the bills would take effect on January 1, 2018. Senate Bills 186 through 189 are tie-barred to each other. Senate Bill 189 also is tie-barred to House Bills 4272 and 4273. (House Bill 4273 would amend the Occupational Code to require a licensee under Article 14A that employed or engaged an individual to provide services as a security guard to ensure that certain training requirements were met. House Bill 4274 would amend the Code to specify subjects that the classroom training under Article 14A would have to include.)

MCL 339.103 et al. (S.B. 186)
338.1052 et al. (S.B. 187)
338.2182 (S.B. 188)
Proposed MCL 338.2233 (S.B. 189)
MCL 324.80130a et al. (S.B. 190)
28.298 (S.B. 191)
257.208c & 257.698 (S.B. 192)

Legislative Analyst: Drew Krogulecki

FISCAL IMPACT

The bills would have a positive fiscal impact on the Department of Licensing and Regulatory Affairs, and no fiscal impact on local units of government. Generally, the bills would not significantly change the responsibilities of LARA with regard to the regulation and licensure of security guard agencies, but the bills would make some changes in how fees are collected and the levels of those fees. As described above, Senate Bill 189 would create a new fee structure for the licensure of security guard agencies as they would be established under the bills.

According to license data obtained from LARA, 305 agencies are licensed. Assuming all agencies are firms, rather than individuals, the revenue generated under the current fee structure is approximately \$45,750. Under the bills, the new fee structure would generate approximately \$152,500 annually. This revenue would be credited to the Licensing and Regulation Fund rather than the Security Business Fund. This change in the disposition of fee revenue would likely not have a significant effect on LARA's operations. While the change would reduce Security Business Fund revenue by about 50%, the costs charged to that Fund would be reduced significantly as well, as the costs of licensing security guard agencies would be charged instead to the Licensing and Regulation Fund.

Finally, under Senate Bill 186 (S-1), a licensee or employee of a licensee who used a provisional name check or results of a provisional name check for purposes other than prospective employment would be guilty of a misdemeanor punishable by imprisonment for up to 93 days, a fine of up to \$1,000, or both. Any increase in misdemeanor arrests and

convictions could increase resource demands on law enforcement, court systems, community supervision, and jails. Any associated increase in fine revenue would increase funding to public libraries.

Date Completed: 3-24-17

Fiscal Analyst: Josh Sefton

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Bill Analysis @ www.senate.michigan.gov/sfa

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